

Message Text

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PAGE 01 HALIFA 00130 311952Z

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 PM-04 NSC-05 SP-02 SS-15

CIAE-00 DODE-00 INR-07 NSAE-00 PA-02 USIA-15

PRS-01 ABF-01 OMB-01 TRSY-06 COM-04 EB-08 /084 W

-----011527Z 105982 /43

R 311515Z MAR 77

FM AMCONSUL HALIFAX

TO SECSTATE WASHDC 1587 PRIORITY

INFO AMEMBASSY OTTAWA

UNCLAS HALIFAX 0130

E O 11652: N/A

TAGS: EFIN CA

SUBJECT: PRINCE EDWARD ISLAND'S BUDGET: RED INK

1. ALTHOUGH TRADITIONALLY A PROVINCE INSISTING ON A BUDGET SURPLUS, PEI THIS YEAR HAS DECIDED TO GO THE DEFICIT ROUTE. FINANCE MINISTER BENNETT CAMPBELL ANNOUNCED THE BUDGET TO THE PEI LEGISLATURE ON MAR 30. IT PROJECTS REVENUES OF DOLS 233.6 MILLION, EXPENDITURES OF DOLS 239.6, AND A DEFICIT OF NEARLY DOLS 6 MILLION (5.966). EXCEPT FOR AN UNSPECIFIED HIKE IN LIQUOR PRICES (ESTIMATED TO BRING IN AN ADDL DOLS 200,000), NO NEW TAXES WERE ANNOUNCED.

2. KEY FEATURE OF THE NEW BUDGET IS A MAJOR SPENDING PROGRAM WHICH IS AIMED AT SPURRING EMPLOYMENT. IN PRE-BUDGET INTERVIEW, FINANCE MINISTER SAID PROVINCE HAD ONLY TWO CLEAR CHOICES: TO WAIT FOR AN IMPROVEMENT IN THE NATIONAL ECONOMY AND A CONSEQUENT IMPROVEMENT IN PEI S OWN ECONOMY OR TO TAKE ITS OWN INITIATIVES. "WE DECIDED ON THE LATTER."

3. SPENDING PROGRAM WILL INVOLVE CONSTRUCTION OF
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PUBLIC BUILDINGS, A SUMMER JOB PROGRAM FOR AS MANY AS 600 YOUNG PEOPLE, AND A CONTINUANCE OF THE PROVINCE S PROGRAM OF PUMPING MONEY INTO SMALL INDUSTRY. SHORTFALL IN REVENUES TO COVER BUDGET EXPENDITURES (AND NON-BUDGETARY EXPENDITURES ON SUBMARINE POWER CABLE TO LINK ISLAND TO MAINLAND) WILL BE FINANCED BY BORROWINGS OF DOLS 25 MILLION FROM BOND MARKET AND DOLS 6.5

MILLION FROM CANADA PENSION PLAN.

4. POUCHING COPIES OF BUDGET TO EMBASSY OTTAWA AND
EUR/CAN.

MOORE

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PROVINCE, GOVERNMENT BUDGET
Control Number: n/a
Copy: SINGLE
Sent Date: 31-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Handling Restrictions: n/a
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ISecure: 1
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Line Count: 69
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Litigation History:
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Review Exemptions: n/a
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SAS ID: 3048581
Secure: OPEN
Status: NATIVE
Subject: PRINCE EDWARD ISLAND'S BUDGET: RED INK
TAGS: EFIN, CA
To: STATE
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vdkgvwkey: odbs://SAS/SAS.dbo.SAS_Docs/24b3d4b4-c288-dd11-92da-001cc4696bcc
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